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joint accounts and underwritings, divided and undivided carrying of syndicate accounts, the liabilities of participants, and the apportionment of gains and losses in syndicate transactions. The discussion of listing upon the stock exchange consists mainly of a briefly annotated abstract of applications for listing stocks and bonds upon the New York Stock Exchange.

The short general discussion of corporate income, the second main topic, is without doubt the least satisfactory portion of the whole work. Nevertheless, the treatment of the income of a holding company (ch. 6) and the analysis of the peculiarities and significance of holding company income statements is a welcome contribution.

The subject of reorganization, occupying the last third of the book, is introduced by an excellent hypothetical example of the development of a railroad system, illustrating both the manner of financing the creation of such a system and the origin of the complexity of security issues.

Readjustment of the capital account and recapitalization, to which brief sections of the long chapter on reorganization are devoted, are distinguished from reorganization as follows: recapitalization applies to any substantial change in the financial plan of a solvent concern; readjustment of the capital account, to a substantial change resulting from insolvency but without judicial sale; reorganization to a similar change in the financial plan resulting from insolvency and involving a judicial sale. The chapter upon reorganization derives its chief merit from its manner of exposition.

As a whole, Part II of *Corporation Finance* does not convey to the reviewer as vivid an impression of originality as *Capitalization*. But in spite of the fact that it has seemed best to the author to substitute hypothetical examples for existing corporations and existing securities, success has been achieved in retaining the desirable flavor of personal intimacy with actual practices and actual problems which one has been led to expect in Mr. Lyons' work.

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*Government Telephones.* By JAMES MAVOR. (New York: Mof-fat, Yard and Company. 1916. Pp. 164. \$1.00.)

Professor Mavor's little volume is a history of the publicly owned telephone system of Manitoba, 1908-1916. Professor

Mavor uses this history to justify the conclusion "that the proper function of government is not the conduct of industries, but the impartial inspection of them under intelligent laws adapted to the character and conditions of the community and country." This statement concludes the volume, and is found also at the close of the introduction—a twelve-page discussion of the general principles governing the relationship of government and industry. It may then be fairly called Professor Mavor's thesis.

Manitoba seems to have avoided none of the evils pointed out as inevitable by the opponents of public ownership. Political considerations—the desire for an "issue"—led to the acquirement of the Bell system. And political considerations continued to rule the administration. Though ostensibly turned over to a board of three men (former Bell employees), the actual determination of all questions of policy rested in the hands of a member of the Provincial Cabinet. Political interests (or private interests merged with these political interests) led to the feverish extension of new lines into the rural districts; to the overstocking of supplies; to the employment of men "orally" recommended; to the report of exaggerated profits through failure to set up a depreciation reserve, in the face of recommendations by the Telephone Commission; and, finally, in 1909, to the reduction of charges, at a time when the system was not in fact carrying itself.

When, in 1911, it was proposed to advance rates, "a storm of disapproval swept over the Province," and the government, endeavoring to avoid an attack upon its own members, appointed a Royal Commission of Inquiry to investigate the acts of the *Telephone Commission*. The report of this Royal Commission, presented toward the end of May, 1912, Professor Mavor calls: "An inconclusive and unsatisfactory document . . . at every point the inquiry led to the threshold of the government, but there it stopped. Instead of honestly taking their share of the blame, the government chose the dishonorable course of virtually prosecuting the Commissioners, whose faults arose solely from the fact that they were loyal to a government which was disloyal to them." July 1, 1912, the Telephone Commission resigned, expressing the hope that neither their successors nor the government would be "misled by the gross misstatements of fact, and the erroneous opinions and conclusions expressed in the Royal Commission's report." This incident served to close "the first phase of the history of the Manitoba Government telephone system. . . . After four

years of public ownership a prosperous business was well along the road to ruin."

Subsequently the telephone system has been directed by a single commissioner acting under an advisory board. But Professor Mavor indicates that, in spite of rate advances, financial operations have resulted in real deficits in 1913 and 1914, and that these deficits have again been hidden through inadequate accounting methods. Even the opposition government which came into office early in 1915 (after a second Royal Commission had revealed "incompetence and inefficiency," and had discovered evidence which led to the prosecution of cabinet ministers for fraud) has continued the political tradition. Professor Mavor's third chapter, *The Government System Reorganized*, then closes with a note of hopelessness: "The people of the Province still have no prospect of ultimate relief from the abuses accompanying political control."

Finally comes the chapter of conclusions which is a summary of the abuses developed, and a restatement of the thesis quoted at the head of this review. Has Professor Mavor proved his case? However dark the story, does the experience of eight years in a Canadian province (in a period of depression and barely out of the pioneer stage) warrant generalizations of wide application? Professor Mavor takes his alternative for granted. One cannot but wish that he had outlined something of a constructive program. Beyond indicating faith in regulation and private ownership, and condemning public ownership, in general terms, he does not point a way out. And the Manitoba which he pictures needs help.

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#### NEW BOOKS

COTTER, A. *The story of Bethlehem steel.* (New York: Moody Mag. & Bk. Co. 1916. Pp. 65.)

HEARST, W. R. *Truths about the trusts.* (Rahway, N. J.: Quinn & Boden Co. 1916. Pp. 50.)

JACKMAN, W. J. *Corporations: organization, finance and management.* (New York: Institute of Business & Finance. 1916. Pp. 414. \$3.)

MONTAGUE, G. H. *Business competition and the law. Everyday trade conditions affected by the anti-trust laws.* (New York: Putnam. 1917. Pp. vii, 318. \$1.75.)

To be reviewed.